Mr. K. Krishna Pisharodi (*Finance Member*) :—*Sir,*

I beg leave to submit the Financial Statement of the State for the year 1101 M. E.

Preliminary.

This being the first Budget presented for the approval of the Council after its inauguration, I think that it will not be out of place if I commence with a brief review of the development of the finances of the State during the last few years so as to serve as a desirable information for the Members of the Council who have now entered into a sort of partnership with the Government in running the administration of the State, so that they may get themselves acquainted with the working of the financial machinery in the past and be in a better position to advise us as to the developments and changes that they desire in the present and in the time to come.

Financial situation till 1100.

2. (a) 1073—1083.—Nearly thirty years ago, in 1073, in which the revenue was Rs. 24,57,860 and the expenditure Rs. 23,57,796, the closing balance of the State was Rs. 46,19,020, the major portion of which was invested in 3½ per cent Government of India Promissory Notes. The policy of the Darbar of thus hoarding up surpluses was criticised from year to year by the Madras Government and these criticisms resulted in 1075 in the adoption of a 'spirited financial policy' viz., embarking upon the construction of the Cochin State Railway. The spirited financial policy however met with a serious reverse when it was brought face to face with actualities. The surplus dwindled to nothing and the year 1077 closed with a temporary loan of three lakhs of rupees in addition to the five per cent Railway debenture loan of ten lakhs, as against the cash balance of Rs. 2,21,935. The Tramway scheme, which

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